

COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS

AGENDA ITEM TRANSMITTAL

(1) DEPARTMENT Pension Trust		(2) MEETING DATE MARCH 7, 2006		(3) CONTACT/PHONE Tony Petruzzi 781-5465	
(4) SUBJECT Submittal of a Resolution amending Section 5.07 of the Retirement Plan to give employees the option of having their Additional Contributions paid to them over a specified period of time.					
(5) SUMMARY OF REQUEST Currently, Section 5.07: <u>Additional Contributions</u> of the Retirement Plan permits Members to make Additional Contributions to the Trust for the purpose of "purchasing" additional benefits. Upon retirement a member must choose to either take a cash distribution, rollover to an IRA or opt to have the contributions paid in conjunction with the option selected by the retiree. This proposed plan amendment would add another distribution option. Under the provisions of the proposed amendment, a Member would be able to elect to have his or her Additional Contributions paid in installments over a specified period of time.					
(6) RECOMMENDED ACTION It is recommended that your Board approve the attached Resolution which will amend Section 5.07 of the Retirement Plan to provide for payment of Additional Contributions over a specified number of installments.					
(7) FUNDING SOURCE(S) N/A		(8) CURRENT YEAR COST N/A		(9) ANNUAL COST N/A	
(10) BUDGETED? <input type="checkbox"/> YES <input checked="" type="checkbox"/> N/A <input type="checkbox"/> NO					
(11) OTHER AGENCY/ADVISORY GROUP INVOLVEMENT (LIST):					
(12) WILL REQUEST REQUIRE ADDITIONAL STAFF? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, How Many? _____ <input type="checkbox"/> Permanent _____ <input type="checkbox"/> Limited Term _____ <input type="checkbox"/> Contract _____ <input type="checkbox"/> Temporary Help _____					
(13) SUPERVISOR DISTRICT(S) 1st, 2nd, 3rd, 4th, 5th; <u>All</u>			(14) LOCATION MAP <input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A		
(15) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Presentation <input type="checkbox"/> Board Business (Time Est. _____)			(16) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions (Orig + 4 copies) <input type="checkbox"/> Contracts (Orig + 4 copies) <input type="checkbox"/> Ordinances (Orig + 4 copies) <input type="checkbox"/> N/A		
(17) NEED EXTRA EXECUTED COPIES? <input type="checkbox"/> Number: _____ <input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A			(18) APPROPRIATION TRANSFER REQUIRED? <input type="checkbox"/> Submitted <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A		

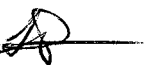
(19) ADMINISTRATIVE OFFICE REVIEW	<div style="font-size: 2em; transform: rotate(-15deg); display: inline-block;">G. Wilcox</div> <div style="font-size: 3em; transform: rotate(-15deg); display: inline-block; margin-left: 20px;">B-9 (3-7-06)</div>
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Board of Trustees
San Luis Obispo County Pension Trust

1000 Mill Street
San Luis Obispo, CA 93408

TO: The Board of Supervisors
County of San Luis Obispo

FROM: Tony Petrucci 
Pension Trust Executive Secretary

DATE: ~~February 28~~ ^{March 7}, 2006

SUBJECT: A Resolution Amending 5.07: Additional Contributions, of the San Luis Obispo County Employees Retirement Plan.

Recommendation:

It is recommended that your Board approve the attached Resolution which will amend Section 5.07 of the Retirement Plan to provide for payment of Additional Contributions over a specified number of installments.

Discussion:

Currently, Section 5.07: Additional Contributions of the Retirement Plan permits Members to make Additional Contributions to the Trust for the purpose of "purchasing" additional benefits. Upon retirement a member must choose to either take a cash distribution, rollover to an IRA or opt to have the contributions paid in conjunction with the option selected by the retiree.

This proposed plan amendment would add another distribution option. Under the provisions of the proposed amendment, a Member would be able to elect to have his or her Additional Contributions paid in installments over a specified period of time.

Based on information received from the actuary, there is limited impact from such a provision and in fact the impact may be slightly beneficial in that there is little or no longevity risk associated with finite distributions. More simply – when the Additional Contribution Account balance has been exhausted, the distribution ceases.



Other Agency Involvement:

The Auditor-Controllers office is responsible for making deductions of Additional Contributions from Member paychecks for those Members who elect to participate in this program. Such deductions are made on an after-tax basis.

Financial Considerations:

No financial issues other than very minor administrative issues for the County and the Pension Trust.

Results:

Adoption of this Resolution will implement this change to the Retirement Plan.

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IN THE BOARD OF SUPERVISORS
COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA

28th day of February, 2006

PRESENT: Supervisors

ABSENT:

Resolution No. _____

**A Resolution Amending 5.07: Additional Contributions, of the San Luis Obispo
County Employees Retirement Plan.**

WHEREAS, Article 18 of the San Luis Obispo County Employees Retirement Plan confers sole authority to amend the Retirement Plan on the Board of Supervisors, and

WHEREAS, Section 5.07: Additional Contributions of the Retirement Plan permits members to make Additional Contributions to the Pension Trust to provide additional benefits at the Member's retirement, and

WHEREAS, Section 5.07: Additional Contributions requires that said Additional Contributions be distributed either as a lump sum or in the form of a lifetime annuity, and

WHEREAS, At the request of the County Administrator, The Board of Trustees in conjunction with the Retirement Plan actuary retained by the Trustees for such purposes, has analyzed and determined that flexibility in the manner of distribution of said Additional Contributions is desirable when said flexibility does not substantially impact adequate funding or administration of the Retirement Plan, and

WHEREAS, the Pension Trust Board of Trustees, as the body charged with the authority to administer the Retirement Plan has reviewed the Plan and has recommended to the Board of Supervisors that the Plan be amended as set forth below.

NOW, THEREFORE, be it resolved and ordered by the Board of Supervisors of the County of San Luis Obispo as follows:

1. That Section 5.07: Additional Contributions, be and is hereby amended to read as set forth in Exhibit A, attached hereto.

Upon Motion of Supervisor _____,

Seconded by Supervisor _____,
and on the following roll call vote to wit:

AYES:

NOES:

ABSTAINING:

The foregoing resolution is hereby adopted:

Chairman, Board of Supervisors

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**APPROVED AS TO FORM
AND LEGAL EFFECT:**

JAMES B. LINDHOLM, JR.
County Counsel

By: Warren Ransen
Deputy County Counsel

Dated: Feb 7, 2006

ATTEST:

JULIE RODEWALD
County Clerk and Ex-Officio Clerk of the
Board of Supervisors

By: _____
Deputy Clerk

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EXHIBIT A

Section 5.07: Additional Contributions. A Member may make Additional Contributions to the Pension Trust from his or her compensation. The County Employer may make appropriations to the Pension Trust designated as Additional Contributions on behalf of designated Members. In the event that the County Employer shall designate certain of its appropriations to the Pension Trust as contributions made on behalf of Members under Section 414 (h) of the U.S. Code, and in the event that said appropriations are in excess of the amount required to pay the Normal Contributions of designated Members, then the said excess amounts shall be considered to be the Additional Contributions of the designated Members.

Additional Contributions will be credited bi-weekly with interest at a rate to be determined by the Board of Trustees.

The Accumulated Additional Contributions in a Member's account or in a Reserve Participant's account shall be used to provide an additional allowance or benefits at retirement, which allowance or benefits shall have the same actuarial value as the Accumulated Additional Contributions in the Member's account or the Reserve Participant's Member's account at the time of his or her retirement.

In the alternative, the Member, at the time of the Member's retirement may elect to either withdraw his or her Accumulated Additional Contributions in a lump sum or to have his or her Accumulated Additional Contributions paid in an allowance in the same manner as the Member elects under the provisions of Article 13 of this Retirement Plan.

On or after January 1, 2006, a Member, at the time of the Member's retirement, may elect to have his or her Additional Contributions paid in a series of equal installment payments, said installment payment period not to exceed ten years and which payments shall terminate at the end of the installment payment period or at the Member's death. Upon the death of a Retired Participant who has elected installment payments pursuant to this Section, any Additional Contributions remaining in the Retired Participant's Additional Contribution Account shall be paid to the Retired Participant's designated beneficiary.

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